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TWO BROTHERS CHARGED IN EDUCATION FRAUD SCHEME

SACRAMENTO--United States Attorney John K. Vincent announced today the arrest and indictment of two Southern California men accused of defrauding a federally funded adult education program administered by the California Department of Education ("CDE") out of more than \$650,000.

This morning, agents from the FBI's Riverside, California office and the U.S. Department of Education-Office of Inspector General ("DOE-OIG") arrested brothers Michael Guzman and Robert Guzman, both of Fontana, California. Yesterday, a federal grand jury in Sacramento indicted the two men for defrauding a program designed to fund community-based organizations engaged in teaching adult education courses, including Adult Basic Education, English as a Second Language, and English as a Second Language-Citizenship. The program is commonly referred to as the "ESL-CIT Program," because funding for English as a Second Language-Citizenship classes comprises the bulk of funding awarded to community-based organizations participating in the program.

The indictment alleges that Michael Guzman, age 44, and Robert Guzman, age 46, operated a Los Angeles-area organization called Templo Calvario Legalization and Education Center ("TCL&E"). Michael Guzman allegedly served as the Executive Director of TCL&E, while Robert Guzman allegedly served as the Director of Operations for TCL&E. TCL&E began participating in the ESL-CIT Program in 1994, and has received a total of \$2,528,962 in grant money through the program. The

indictment, however, focuses on the 1995-96 ESL-CIT Program year, during which TCL&E received \$857,645 in grant money.

According to Assistant United States Attorney Daniel S. Linhardt, who is prosecuting the case in the Eastern District of California, the indictment accuses the Guzmans of submitting fraudulent claims for reimbursement, in which they falsely misrepresented the number of student attendance hours generated by TCL&E. The indictment also alleges the Guzmans "fraudulently created student rosters for classes that were never held or that failed to comply with program criteria, all to obtain more funds from the CDE's ESL-CIT Program than they were entitled to receive and to conceal their scheme to fraudulently obtain this funding."

The indictment alleges TCL&E maintained thousands of student attendance rosters, which included, among other things, teaching sites where classes were never held, names of purported teachers who did not actually teach for TCL&E, and lists of purported student names (usually with accompanying signatures) misrepresenting the number and identity of students who actually attended classes at designated class sites. According to the indictment, these attendance sheets included "at least one class site where the teacher provided instruction in business Spanish to English-speaking students rather than instruction in English for Spanish-speaking students as contemplated by the ESL-CIT Program."

The indictment is part of a long-term investigation by the Sacramento Division of the FBI, DOE-OIG and the United States Attorney's Office. On July 12, 2001, a related investigation by the Los Angeles Division of the FBI and DOE-OIG led to an indictment in the Central District of California against Hermandad Mexicana Nacional Legal Center, another community-based organization that participated in the ESL-CIT Program. These joint investigations are still ongoing.

Yesterday's indictment charges Michael Guzman with three counts of mail fraud in violation of

18 U.S.C. § 1341, and one count of false statements in violation of 18 U.S.C. § 1001. The indictment charges Robert Guzman with three counts of mail fraud. The mail fraud counts each carries a maximum possible sentence of five years in federal prison. The false statements charge carries a maximum sentence of five years in prison.

The charges in the indictment are only allegations, and the defendants are presumed innocent until proven guilty.

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